## Message Text

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INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 SS-15 NSC-05 PA-01 /057 W

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R 211502Z JUN 78 FM AMEMBASSY STOCKHOLM TO SECSTATE WASHDC 4091 INFO AMEMBASSY COPENHAGEN AMEMBASSY HELSINKI AMEMBASSY OSLO

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E.O. 11652: N/A TAGS: EAIR, DA, SW

SUBJECT: NORTHWEST AIRLINES AIR FARES

**REF: STATE 156937** 

- 1. EMBASSY AGREES WITH O'CONNELL'S IMPRESSION THAT THE SWEDISH PUBLIC OPINION WOULD SUPPORT LOWER AIR FARES. SWEDISH TIES WITH THE US ARE STRONG, AS THE DEPARTMENT KNOWS. BUSINESS AND FAMILY CONNECTIONS ARE IMPORTANT. AMERICAN CULTURAL VALUES HAVE A FREQUENT ECHO HERE. MOREOVER, THE SWEDES ARE INVETERATE TRAVELERS--OVER A MILLION SWEDES TRAVELED ABROAD LAST YEAR. CONSEQUENTLY, THE EMBASSY BELIEVES THERE WOULD BE SOLID PUBLIC SUPPORT FOR CHEAPER ACCESS TO THE US.
- 2. A WORLD AIRWAYS EXECUTIVE WHO VISITED THE EMBASSY RECENTLY SAID HE THOUGHT HENRIK WINBERG, DIRECTOR GENERAL OF THE SWEDISH CIVIL AVIATION BOARD, WAS PERSONALLY INCLINED FAVORABLY TOWARDS LOWER NORTH ATLANTIC FARES. HOWEVER, IT WAS NOT HIS IMPRESSION, NOR WOULD IT BE THE EMBASSY'S JUDGMENT, THAT WINBERG WOULD PLAY A STRONG ROLE IN ATTEMPTING TO PERSUADE SAS LIMITED OFFICIAL USE

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TO ACCEDE TO PRESSURES FOR LOWER FARES.

3. AS DEPARTMENT MAY BE AWARE, SAS PRESIDENT KNUT HAGRUP GAVE A COMMENCEMENT ADDRESS AT NORTHROP UNIVERSITY IN CALIFORNIA ON 10 JUNE IN WHICH HE CRITICIZED CURRENT US AIR FARES POLICIES. HAGRUPALSO IS QUOTED IN THE SWEDISH PRESS OF JUNE 21 AS HAVING

STATED TO "AVIATION WEEKLY" RECENTLY THAT LOWER NORTH ATLANTIC FARES ARE HARMFUL AND ALREADY HURTING AIR-LINES. HE THOUGHT NATIONALLY OWNED AIRLINES, BEING ELIGIBLE FOR SUBSIDIES, MIGHT BE LESS HARMED. HAGRUP ALSO THOUGHT THE ECONOMICS OF LOWER FARES AND LONGER RUN CONSEQUENCES SHOULD HAVE BEEN CHECKED OUT BY US DOMESTIC FARE POLICY FIRST. HOWEVER, EMBASSY BELIEVES SOME SIGN OF SAS "GIVE" IS FOUND IN FACT THAT HAGRUP DID NOT REJECT OUTRIGHT LOWER FARE SCHEDULES.

4. IN ADDITION, THE NWA FILING HAS AN "EXPERIMENTAL" ASPECT IN THAT THERE IS A TIME LIMIT. THIS COULD EAST SAS' ULTIMATE ACCEPTANCE. THUS EMBASSY BELIEVES ODDS POINT TO SAS ACQUIESCENCE.

KENNEDY-MINOTT

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